

Message Text

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ACTION EUR-25

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C O N F I D E N T I A L USNATO 4659

E.O. 11652: GDS, 12-31-79

TAGS: MCAP, NATO

SUBJ: BURDEN SHARING: REPORT TO NAC ON US BOP RECEIPTS

REF: STATE 195252

SUMMARY. IS HAS FURNISHED USNATO WITH COPY OF TABLE ON MILITARY EXPENDITURES ENTERING US BOP WITH OTHER NATO NATIONS ACCORDING TO OUR ALLIES' CALCULATIONS. WASHINGTON ACTION REQUESTED. INSTRUCTIONS ON HOW THESE DATA SHOULD BE INCORPORATED IN STUDY GROUP REPORT. END SUMMARY.

1. WE HAVE RECEIVED FROM IS A COPY OF THE TABLE ON MILITARY RECEIPTS ENTERING THE US BOP TO BE INCORPORATED INTO THE STUDY GROUP'S REPORT TO NAC. THIS TABLE (QUOTED BELOW) OUTLINES THE DIFFERENCE BETWEEN THE US REPORTED CASH RECEIPTS FOR 1972 AND THE MILITARY EXPENDITURES IN THE US IN 1972 REPORTED BY THE OTHER MEMBER COUNTRIES.

2. THE TABLE FOLLOWS:

MILITARY EXPENDITURES ENTERING THE US
BALANCE OF PAYMENTS
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CASH RECEIPTS 1972 (#1)

US REPORTED FIGURES	FIGURES REPORTED BY
(ANNEX 1 TO	THE OTHER MEMBER COUNTRIES

AC/291-WP(73)1(REVISED)

CONCERNED

	US \$ MILLION	US \$ MILLION
BELGIUM	5.5 (1,998 B.FR.)	44.6(A)
	MILLION	
DENMARK	11.2	24.2(B)
FRANCE	4.5	NO REPLY
GERMANY	363.2	NO REPLY
GREECE	21.5	33.7(C)
ICELAND	0.2	2.1(D)
ITALY	55.0	92.6(E)
NETHERLANDS	21.4	49.0(F)
NORWAY	14.3	25.0(G)
PORTUGAL	2.0	NO REPLY
TURKEY	1.0	NO REPLY
UNTIED KINGDOM	196.4	226.0(H)
OTHER NATO	-	- AGGREGATE
	DIFFERENCE	

TOTAL NATO EUROPE	696.2	867.9(I) 171.7
CANADA	48.2	NO REPLY

TOTAL NATO	744.4	916.1(I)

(#1) SUBJECT TO POSSIBLE FURTHER VERIFICATION.

(A) LETTER OF 11TH SEPTEMBER ADDRESSED TO MR. PRENDERGAST

(B) ANNEX I TO AC/291-N(73)6, 11TH SEPTEMBER, 1973

(C) DPQ(73) REPLY FINANCIAL AND ECONOMIC SECTION

(D) ANNEX II TO AC/291-N(73)6

(E) LETTER OF FIRST OCTOBER 1973 ADDRESSED TO USNATO. DOLLARS
92.6 MILLION INSTEAD OF DOLLARS 55.0 MILLION IN 1972.

(F) LETTER OF FIRST OCTOBER 1973 ADDRESSED TO MR. HUMPHREYS.
DOLLARS 49.0 MILLION INSTEAD OF 21.4 MILLION.

(G) ANNEX III TO AC/291-N(73)6

(H) LETTER OF 12TH SEPTEMBER, 1973, ADDRESSED TO DEPUTY DEFENSE
ADVISOR, US MISSION TO NATO. \$226 MILLION INSTEAD OF
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\$196.4 MILLION FOR 1972.

(I) TOTALS BASED ON FIGURES REPORTED BY EUROPEAN MEMBER COUNTRIES
EXCEPT FOR FRANCE, GERMANY, PORTUGAL AND TURKEY IN WHICH
INSTANCES (NO REPLIES) US ESTIMATES HAVE BEEN INCLUDED.

3. US ACCEPTANCE OF THE NEW DATA WOULD CHANGE THE US CASH RECEIPT
PICTURE AND HENCE THE OVERALL US MILITARY BOP SITUATION IN NATO
EUROPE. USING CURRENT US EXPENDITURES AND ADJUSTED CASH RECEIPTS,
US NET ADVERSE BALANCE IN NATO EUROPE IN 1972 WOULD BE DOLS
1,3025.5 MILLION AS COMPARED WITH ORIGINAL US ESTIMATES OF
1,474.2 MILLION.

4. WASHINGTON ACTION REQUESTED. BEFORE AGREEING TO INSERTION OF

ABOVE TABLE IN SC REPORT TO NAC, WE WOULD APPRECIATE WASHINGTON INSTRUCTIONS ON THE NEW DATA SUPPLIED BY OUR NATO ALLIES ON THEIR DEFENSE EXPENDITURES IN THE US, (WHICH CHANGE U.S. CASH RECEIPTS). IN PARTICULAR WE WOULD LIKE TO KNOW FOR WHICH COUNTRIES CAN WE ACCEPT THE FIGURES AS REASONABLE ADJUSTMENTS AND FOR WHICH COUNTRIES SHOULD WE ASK FOR MORE DETAILED DOCUMENTATION EXPLAINING THE PROPOSED CHANGES.

5. IN ORDER TO PREVENT UNDUE DELAY, WASHINGTON MIGHT WANT TO CONSIDER HAVING USNATO PROPOSE THAT TWO TABLES ON US MILITARY BOP WITH OUR NATO ALLIES IN CY 1972 BE INCLUDED IN THE STUDY GROUP'S REPORT TO NAC. ONE TABLE WOULD COVER THE US REPORTED EXPENDITURES AND CASH RECEIPTS. THE SECOND TABLE WOULD CHANGE THE COLUMNS ON CASH RECEIPTS AND ON NET ADVERSE BALANCE IN ACCORD WITH THE NEW DATA REPORTED BY OUR ALLIES. BOTH TABLES WOULD SHOW A SUBSTANTIAL U.S. MILITARY BOP DEFICIT WITH NATO EUROPE IN 1972. RUMSFELD

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<< END OF DOCUMENT >>

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